



INTERIM REPORT Q2 2021

TECHNOLOGY • INNOVATION • SUSTAINABILITY

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Unless otherwise stated, all amounts have been stated in SEK million. Certain financial data has been rounded in this Interim Report. Where the sign “–” has been used, this either means that no number exists or the number rounds to zero. This English version of the Interim Report is a translation of the Swedish original. If there are any differences the latter shall prevail.





Second quarter

- **Net sales**
MSEK 473 (342) – reported sales were up +38% year-on-year. After adjusting for the impact of currency (–14%) and Allied Enterprises (+7%), sales in constant currency year-on-year were up +45%.
- **Operating income**
MSEK 107 (28), generating an operating margin of 22.7% (8.3), operating margin before items affecting comparability was 22.7% (14.2).
- **Net income for the period**
MSEK 85 (17); basic EPS of SEK 2.25 (0.44).
- **Cash flow from operating activities**
MSEK 76 (87); cash generation has been affected by increases in working capital to support increased sales.

First six months

- **Net sales**
MSEK 905 (798) – reported sales were up +13% year-on-year. After adjusting for the impact of currency (–13%) and Allied Enterprises (+6%), sales in constant currency were up +20%.
- **Operating income**
Operating income was MSEK 202 (115), generating an operating margin of 22.3% (14.5), operating margin before items affecting comparability was 22.3% (17.0).
- **Net income for the period**
MSEK 157 (77); basic EPS of SEK 4.15 (2.04).
- **Cash flow from operating activities**
MSEK 148 (168); cash generation has been affected by increases in working capital to support increased sales.
- **Group's net debt**
MSEK –22 (–67); gearing ratio of –2% (–6). A reduction in pension liabilities compared to December 2020 continues to drive the negative net debt.

Key figures – Group ¹⁾

MSEK	Apr–Jun			Jan–Jun			Jul–Jun	Jan–Dec
	2021	2020	Change	2021	2020	Change	2020/21	2020
Net sales	473	342	38%	905	798	13%	1,609	1,502
Operating income before items affecting comparability	107	48	123%	202	135	50%	358	291
Operating income	107	28	282%	202	115	76%	363	276
Earnings before tax	102	23	343%	189	103	83%	342	256
Net income for the period	85	17	400%	157	77	104%	285	205
Cash flow from operating activities	76	87	–13%	148	168	–12%	317	337
Net debt ²⁾	–22	–67	–67%	–22	–67	–67%	–22	86
Operating margin before items affecting comparability, %	22.7	14.2	8.5	22.3	17.0	5.3	22.2	19.4
Operating margin, %	22.7	8.3	14.4	22.3	14.5	7.8	22.6	18.4
Basic EPS before items affecting comparability, SEK	2.25	0.84	1.41	4.15	2.44	1.71	7.43	5.73
Basic EPS, SEK	2.25	0.44	1.81	4.15	2.04	2.11	7.53	5.43
Diluted EPS, SEK	2.25	0.44	1.81	4.14	2.04	2.10	7.52	5.42
Return on equity, %	23.7	18.7	5.0	23.7	18.7	5.0	23.7	17.5
Gearing ratio, %	–2	–6	4	–2	–6	4	–2	8

1) For additional information see pages 26–27 and 30.

2) For additional information see page 27.

Review of the second quarter

President and CEO, David Woolley,
comments on the Q2 2021 Interim Report.

Market and sales development

Group sales in constant currency and excluding our recent acquisition were up +45% year-on-year for the second quarter and +20% for the first six months of the year. Reported sales continue to be affected by the strength of the Swedish Krona against most of the major currencies, in particular the US Dollar, therefore reported sales for the second quarter and the first six months of the year were up year-on-year +38% and +13% respectively.

Published market indices blended to Concentric's mix of end-market applications and locations suggests all geographical markets continue to recover from the global pandemic with Europe and rest of world performing stronger than the Americas. Market indices suggest market growth of 79% for the first half of 2021, which was higher than the growth in Concentric's sales. However, it should be noted that the comparative 2020 period was heavily impacted by the pandemic. In the first half of 2020 market indices suggested a decline of -45% which compared to a decline of only -30% in Concentric's sales, contributing to the indices larger rebound in 2021. There also appears to be some volatility in the published market indices data, far greater than would normally be expected.

Our reported sales this quarter are MSEK 41 or +10% higher than the first quarter 2021 and demand from our end market applications has remained strong throughout the second quarter. A strong sales performance, despite the general struggles in the industry supply chain to meet this new level of demand, has resulted in a further increase in our sales order backlog. We have continued to manage our customers near term product demands, and we expect to catch back the order backlog during the second half of the year.

Concentric Business Excellence – managing operating margins and cash

As demand for our products continues to increase, our Concentric Business Excellence program ensured we were able to meet the increase in customer demand whilst controlling the cost of



capacity. This program and our employee's resilience and ability to adapt to an ever-changing environment ensured the operating margin before items affecting comparability was 22.7% (14.2) for the second quarter and 22.3% (17.0%) for the first six months of the year.

Operating cash flow for the period was MSEK 76 (87) which is a strong level of cash conversion, from operating income. As sales grow, so does our working capital investment, during the second quarter there was a MSEK 14 increase quarter-on-quarter of working capital, driven by an increase in inventory. Cash and cash equivalents also decreased to MSEK 498 (631) after paying dividend of MSEK 133 during the second quarter.

Q2 press releases – a story of progress

During the second quarter there were six further press releases announcing important new business wins:

- e-Pumps in the truck sector, both for coolant and electro-hydraulic steering;
- a development contract awarded for e-Pumps on a fuel cell application;
- the first e-Separator nomination for Alfdex, our joint venture with Alfa Laval; and
- two important contracts in China to supply sophisticated hydraulic fan motors and Alfdex crankcase gas separators to meet China VI legislation.

These new business nominations continue to demonstrate our ability to win strategically important e-Pump business in the electrification sector. The total contract value over a five year period of all the published electrification customer nominations now totals MSEK 900.

» During the second quarter there were six further announcements on important new business wins, bringing published electric customer nominations to MSEK 900. «

Outlook

Market indices suggest that production volumes blended to Concentric's end markets and regions will be up +16% year-on-year for 2021, up +7% on the previous forecast and demand from our customers for both our engine and hydraulic products continues to improve quarter-on-quarter.

The availability of critical raw materials will continue to influence our sales during the second half of the year as our industry supply chain stabilises to meet the new market demand. The ongoing shortage of raw materials and components is having an inflationary effect, both from the metal indices and general supplier economic price increases, which will need to be passed on to our customers during the second half of the year.

The orders received, and expected to be fulfilled during the third quarter of 2021, were significantly ahead of the sales levels of the second quarter in 2021. We also expect the majority of the sales order backlog, predominantly relating to our North American businesses, will be supplied to our customers during the second half of the year.

Concentric remains well positioned both financially and operationally, to fully leverage our market opportunities.



Second quarter figures

Key figures¹⁾

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Operating margin before items affecting comparability, %	22.7	14.2	8.5	22.3	17.0	5.3	22.2	19.4
Operating margin, %	22.7	8.3	14.4	22.3	14.5	7.8	22.6	18.4
ROCE, %	32.9	30.3	2.6	32.9	30.3	2.6	32.9	25.2
Return on equity, %	23.7	18.7	5.0	23.7	18.7	5.0	23.7	17.5
Basic EPS before items affecting comparability, SEK	2.25	0.84	1.41	4.15	2.44	1.71	7.43	5.73
Basic EPS, SEK	2.25	0.44	1.81	4.15	2.04	2.11	7.53	5.43
Diluted EPS, SEK	2.25	0.44	1.81	4.14	2.04	2.10	7.52	5.42

1) For additional information see pages 26–27 and 30.

Sales

Reported net sales for the second quarter were up year-on-year by +38%. After adjusting for the impact of currency (–14%) and the impact of the Allied Enterprises acquisition (+7%), sales in constant currency were up +45%. All our major trading currencies have weakened against the SEK year-on-year, particularly the USD, which has weakened 13%. However, there is strong demand from our customers as reported sales have grown quarter-on-quarter by 10% and a strong order intake has resulted in a book-to-bill ratio of 107% (79) indicating a growing order book.

All of our end markets in the second quarter have strengthened, particularly sales to our European markets which have grown by 82% year-on-year.

Operating income

The operating margin before items affecting comparability for the second quarter was 22.7% (14.2), a strong performance, driven by further quarter-on-quarter sales increases and keeping control of the cost base which was restructured in 2020. Total income in the quarter from our joint venture (JV) Alfdex has increased to MSEK 26 (11) with the recovery of the medium- and heavy-duty truck sector in North America and Europe and stronger production volumes in China following our recent contract nominations.

Net financial items

Net financial income and expense for the second quarter was MSEK –5 (–5), this comprised of pension financial expenses of MSEK –4 (–3), interest expenses for right of use assets MSEK –1 (–1) and net other financial cost MSEK nil (–1).

Taxes

The reported effective tax rate for the second quarter was 16% (28). The decrease in the tax rate is mostly due to a higher share of net income from the Aldex joint venture. The tax rate is also reflected by the mix of taxable earnings and tax rates applicable across the various tax jurisdictions. The underlying tax rate is circa 21%.

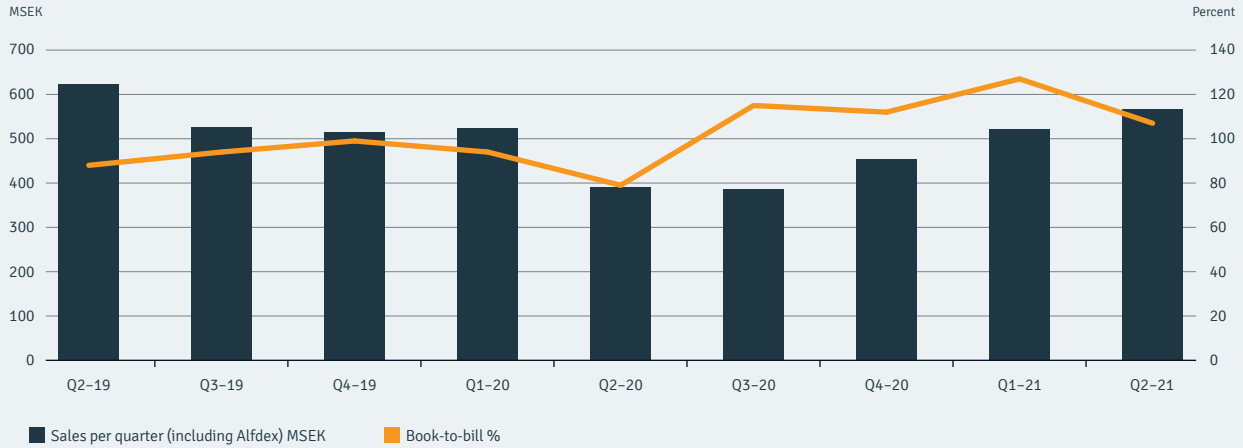
Earnings per share

The basic earnings per share for the second quarter was SEK 2.25 (0.44), up SEK 1.81 per share.

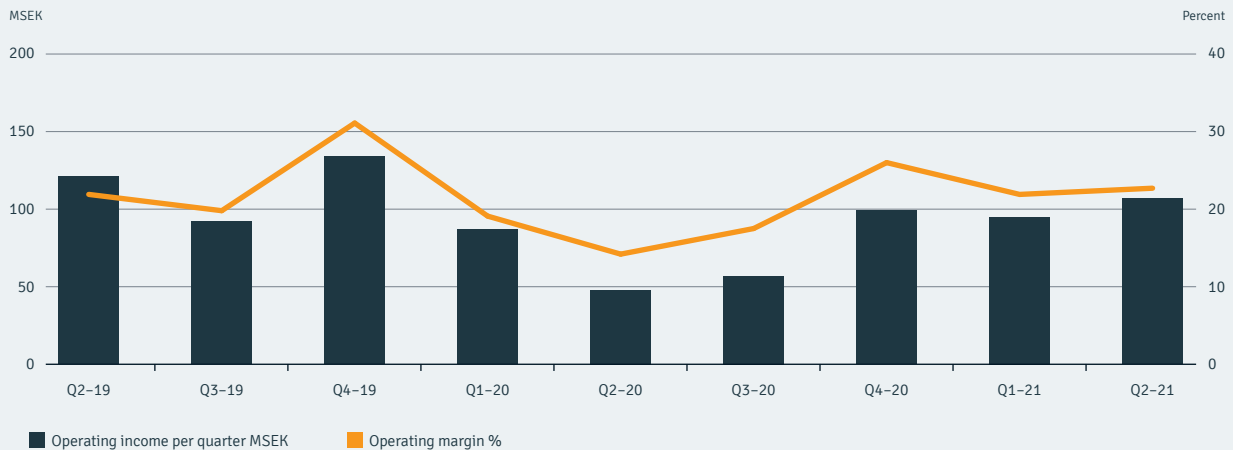


Graphs – Concentric Group

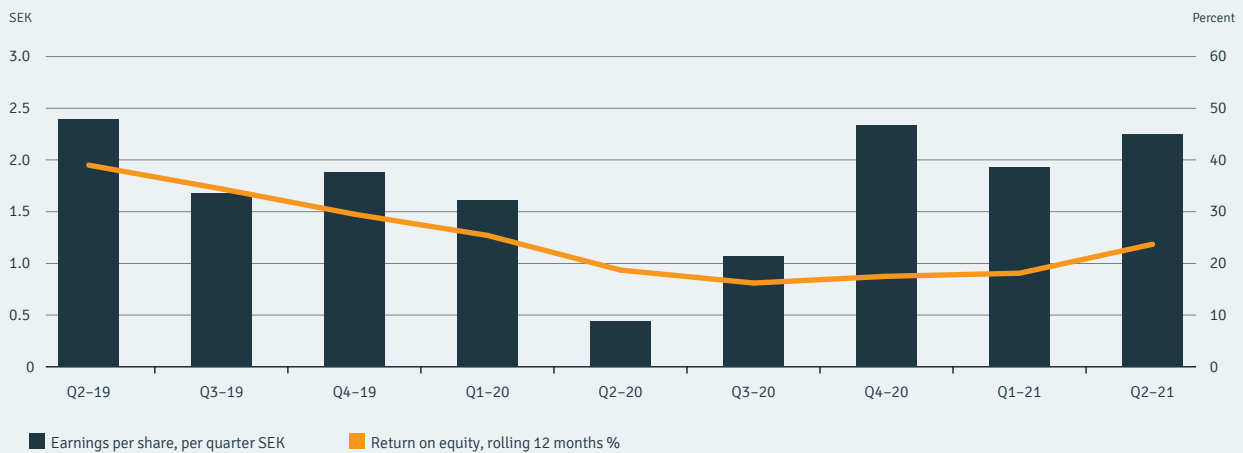
Sales and book-to-bill



Underlying operating income and margins



Earnings per share and return on equity



Net sales and operating income by region

Americas

Amounts in MSEK	Apr–Jun			Jan–Jun			Jul–Jun	Jan–Dec
	2021	2020	Change	2021	2020	Change	2020/21	2020
External net sales	196	172	14%	370	360	3%	661	651
Operating income before items affecting comparability	30	20	50%	56	41	37%	110	95
Operating income	30	19	58%	56	40	40%	109	93
Operating margin before items affecting comparability, %	15.2	11.2	4.0	15.1	11.3	3.8	16.6	14.6
Operating margin, %	15.2	10.6	4.6	15.1	11.0	4.1	16.4	14.2
ROCE, %	31.9	37.8	-5.9	31.9	37.8	-5.9	31.9	28.4

Reported sales for the second quarter were up year-on-year by 14%. After adjusting for the impact of currency (-21%) and the acquisition of Allied Enterprises (+13%), underlying sales in constant currency were up 22%.

In the second quarter, demand in the North American market increased substantially with sales to the agricultural machinery and construction sectors experiencing the strongest growth whilst the medium- and heavy-duty truck and industrial applica-

tions sectors also performed well. Demand in South America was led by the medium- and heavy-duty truck sector. Strong order intake in the Americas resulted in a book-to-bill in Q2 2021 of 126% indicating a growing order book.

Operating margin in the second quarter was 15.2% (11.2) and has increased largely due to the increased sales and keeping control of costs under the Concentric Business Excellence program.

Europe & RoW

Amounts in MSEK	Apr–Jun			Jan–Jun			Jul–Jun	Jan–Dec
	2021	2020	Change	2021	2020	Change	2020/21	2020
External net sales (including Alfdex)	371	220	69%	716	556	29%	1,268	1,108
Operating income before items affecting comparability	81	30	170%	157	98	60%	263	204
Operating income	81	11	636%	157	79	99%	269	191
Operating margin before items affecting comparability, %	21.6	13.8	7.8	21.9	17.7	4.2	20.7	18.4
Operating margin, %	21.6	5.2	16.4	21.9	14.3	7.6	21.2	17.2
ROCE, %	36.6	28.4	8.2	36.6	28.4	8.2	36.6	25.4

Reported sales for the second quarter were up year-on-year by 69%. After adjusting for the impact of currency (-5%), sales in constant currency were up 74%.

Demand in our European markets has been strong across all end market sectors with sales to each end market sector growing year-on-year by more than 70%, including our crucial European truck market.

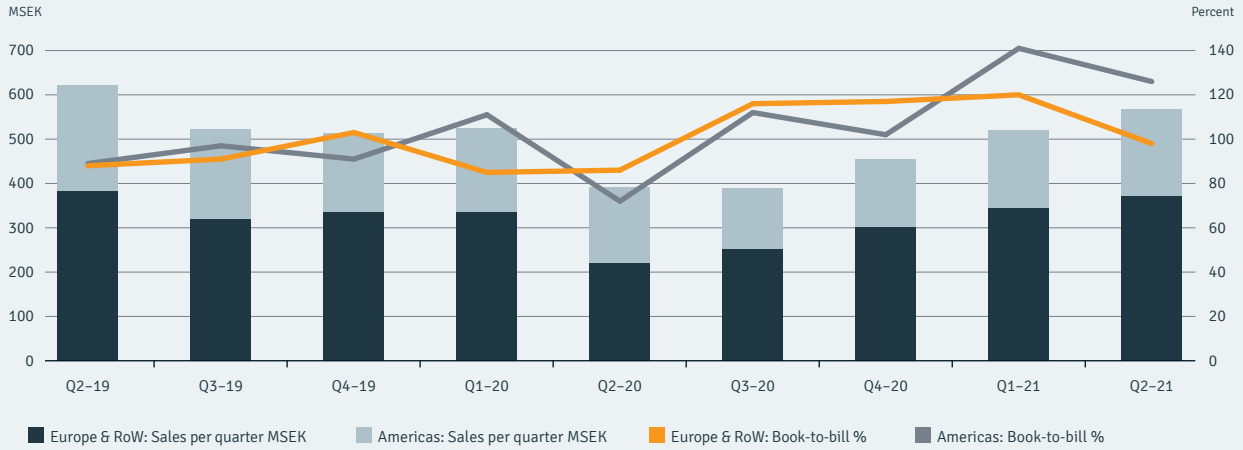
The Indian market is also showing strong growth as sales have increased 286% year-on-year in constant currency as Q2 2020 in India was heavily impacted by the pandemic. The medium- and heavy-duty truck and construction equipment markets have performed particularly strongly.

The operating margin in the second quarter was 21.6% (13.8) resulting from the growth in sales whilst maintaining cost control under the Concentric Business Excellence program.

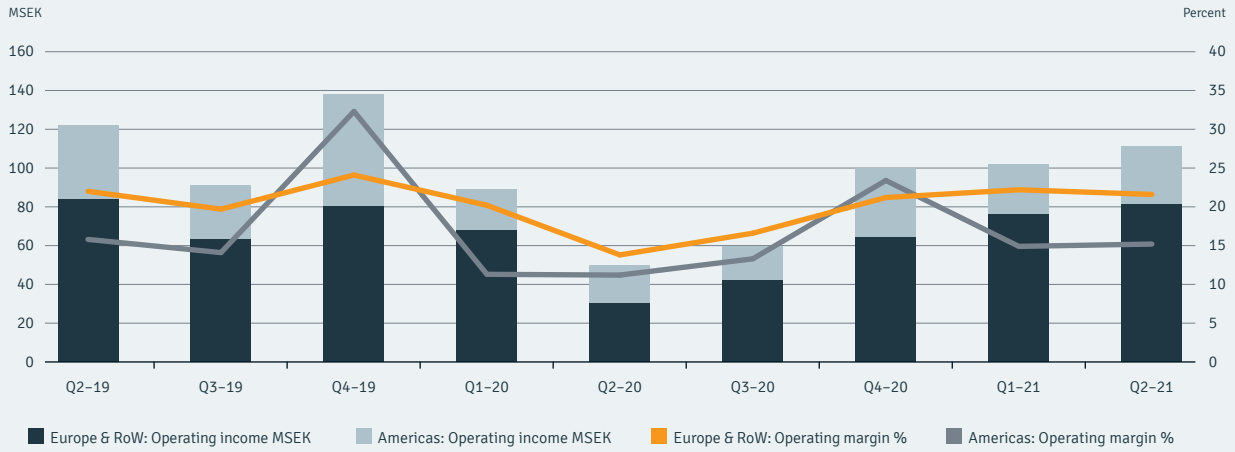


Graphs by region

Sales and book-to-bill



Underlying operating income and margins



Market development

Our markets continue to recover resulting in quarter-on-quarter sales growth of 10%.

Americas end-markets

NORTH AMERICA

- Sales increased most year-on-year into the agricultural machinery market in the second quarter.
- The medium- and heavy-duty truck and construction equipment markets also performed well with strong sales growth year-on-year with more modest growth in the industrial applications market.
- Sales in North America increased by 14% year-on-year excluding the acquisition of Allied Enterprises.

SOUTH AMERICA

- Sales in the second quarter to our South American endmarket applications delivered strong growth. All end market sectors grew year-on-year.

TOTAL AMERICAS REGION

- Overall growth in North America drove the year-on-year sales increase of 22%, excluding the impact of Allied Enterprises.

All sales figures above are quoted in constant currency.

Europe & RoW end-markets

EUROPE

- Sales to the crucial European truck market grew year-on-year by 74% as it continues to experience a strong recovery.
- The industrial application, construction equipment and agricultural machinery markets all performed well showing substantial growth year-on-year.
- Sales in Europe increased year-on-year by 82%.

REST OF THE WORLD

- Sales in India have grown year-on-year by 286% as they were heavily impacted by the pandemic in Q2 last year. The truck and construction equipment sectors performed particularly well.
- Sales in China have decreased by 27% year-on-year.
- Overall, the Rest of the World still only accounts for less than 10% of the Group's total revenues.

TOTAL EUROPE & REST OF THE WORLD REGION

- The overall Europe and RoW growth was 74% driven by the strong performance in Europe.

Consolidated sales development

	Q2-21 vs Q2-20			H1-21 vs H1-20			FY-21 vs FY-20		
	Americas	Europe & RoW	Group	Americas	Europe & RoW	Group	Americas	Europe & RoW	Group
Market – weighted average ¹⁾	155%	319%	262%	51%	93%	79%	13%	18%	16%
Actual – constant currency ²⁾	22%	74%	45%	8%	34%	20%			

1) Based on latest market indices blended to Concentric's mix of end-markets and locations.





2) Based on actual sales in constant currency, including Alfdex and excluding Allied Enterprises.

Overall, market indices suggest production rates, blended to the Group's end-markets and regions, were up 262% year-on-year for the second quarter. The markets continue to recover strongly across all regions and end market sectors following difficult trading in 2020. Actual sales in constant currency for the second quarter were up 45% year-on-year in constant currency, excluding the impact of Allied. We note that the market indices decreased more in 2020 during the pandemic than Concentric's sales.

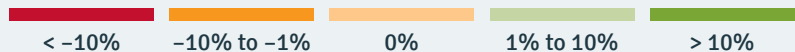
There also appears to be some volatility in the published market indices data, far greater than would normally be expected.

The current published forecast market indices for 2021 show growth of 16% year-on-year, 7% greater than forecast last quarter.

As noted in previous interim reports, movements in the market indices tend to have timing differences compared with the Group's order intake.

	Q2-21 vs Q2-20					H1-21 vs H1-20					FY-21 vs FY-20				
	North America	South America	Europe	India	China	North America	South America	Europe	India	China	North America	South America	Europe	India	China
 Agriculture Diesel engines	193%	240%	279%	184%	175%	87%	117%	90%	87%	77%	9%	24%	8%	9%	4%
 Construction Diesel engines	284%	456%	396%	263%	186%	85%	118%	90%	139%	84%	8%	24%	7%	39%	8%
Hydraulic equipment	14%	n/a	3%	n/a	n/a	13%	n/a	4%	n/a	n/a	11%	n/a	3%	n/a	n/a
 Trucks Light vehicles	234%	n/a	n/a	n/a	n/a	113%	n/a	n/a	n/a	n/a	24%	n/a	n/a	n/a	n/a
Medium and Heavy vehicles	352%	538%	390%	1.2k%	130%	128%	138%	114%	159%	48%	33%	36%	21%	50%	-13%
 Industrial Other off-highway	248%	424%	302%	170%	176%	83%	116%	87%	78%	78%	7%	23%	6%	3%	4%
Hydraulic lift trucks	17%	n/a	48%	n/a	n/a	4%	n/a	30%	n/a	n/a	13%	n/a	39%	n/a	n/a

The market indices summarised in the table above reflect the Q2 2021 update of production volumes received from Power Systems Research, Off-Highway Research and the International Truck Association of lift trucks.



Current resources

Cash flow from operating activities

The reported cash inflow from operating activities for the second quarter amounted to MSEK 76 (87), which represents SEK 2.01 (2.30) per share. This takes the cash inflow from operating activities for the first six months to MSEK 148 (168), which represents SEK 3.92 (4.45) per share.

Working capital

Total working capital at 30 June 2021 was MSEK 21 (-36), which represented 1.3% (-2.2) of annual sales. Working capital increased MSEK 25 compared to 31 December 2020.

Net investments in fixed assets

The Group's net investments in tangible fixed assets amounted to MSEK 5 (1) for the second quarter and MSEK 9 (4) for the first six months.

Net debt and gearing

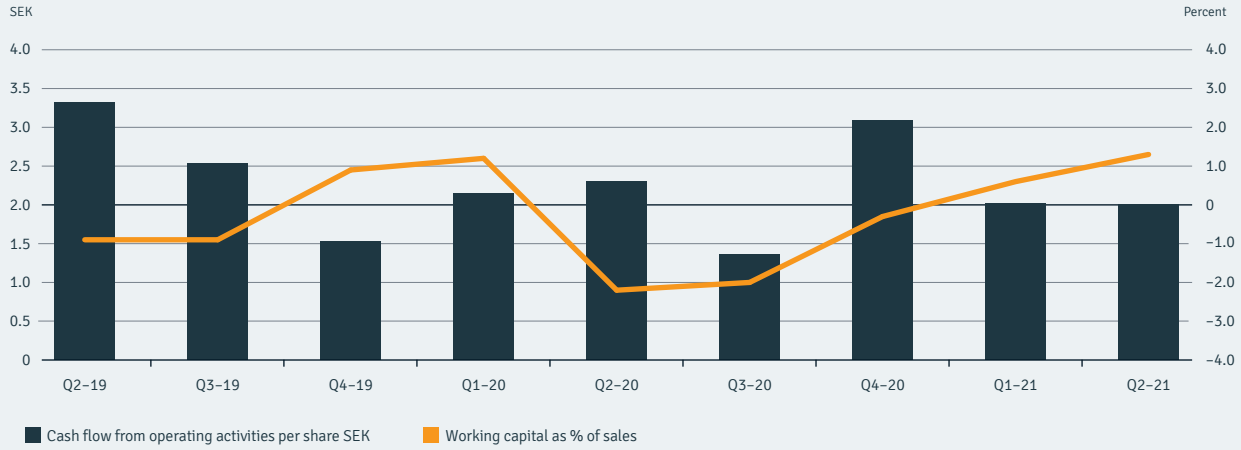
Following a review of the actuarial assumptions used to value the Group's defined benefit pension plans, a net remeasurement loss was taken in the second quarter of MSEK 6 taking the YTD gain to MSEK 109.

Overall, the Group's net debt at 30 June 2021 was MSEK -22 (-67), comprising liabilities for right of use assets MSEK 126 (88) and net pension liabilities of MSEK 350 (465), net of cash amounting to MSEK 498 (631). Shareholders' equity amounted to MSEK 1,238 (1,181), resulting in a gearing ratio of -2% (-6) at the end of the second quarter.

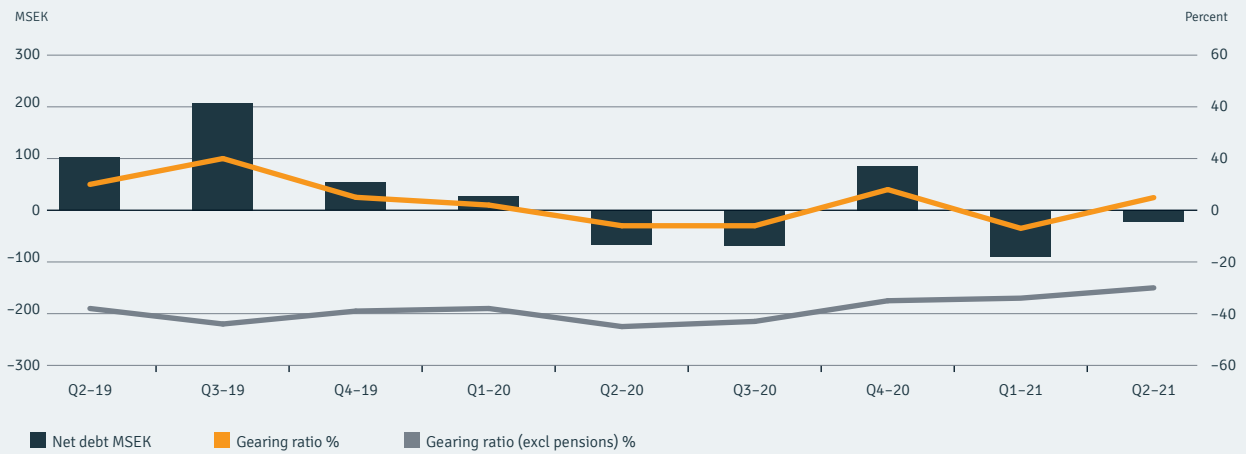
The Annual General Meeting on 22 April 2021 resolved, in accordance with the Board's proposal, on a dividend of SEK 3.50 (3.25) per share for the financial year 2020, which was paid in the second quarter 2021 totalling MSEK 133.



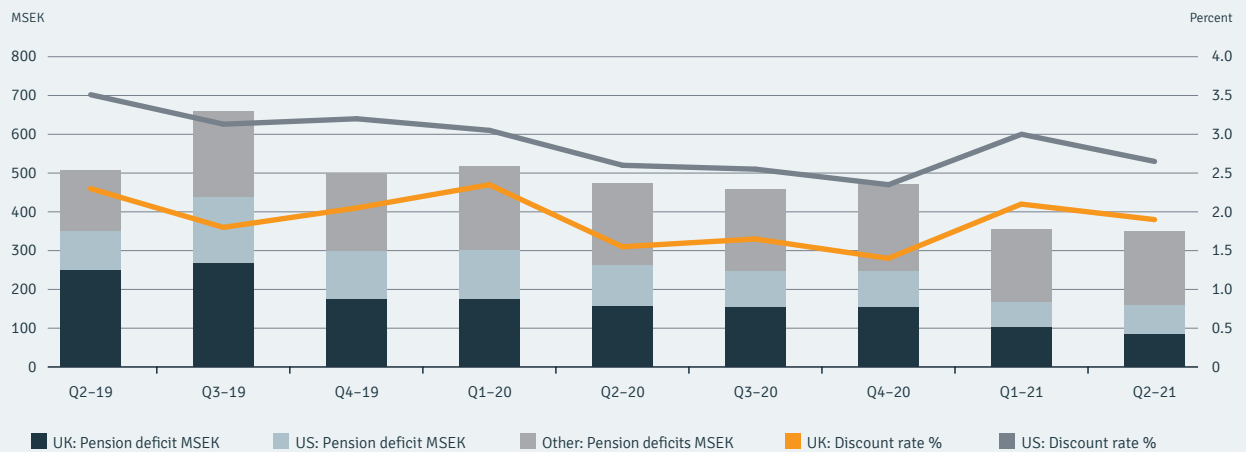
Cash flow from operating activities and working capital



Net debt and gearing



Net pension liabilities



Financial statements – Group

General information

Unless otherwise stated, all amounts have been stated in SEK million (“MSEK”). Certain financial data has been rounded in this interim report. Where the sign “–” has been used, this either means that no number exists or the number has been rounded to zero.

Consolidated income statement

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Net sales	473	342	905	798	1,609	1,502
Cost of goods sold	-326	-248	-622	-563	-1,098	-1,039
Gross income	147	94	283	235	511	463
Selling expenses	-16	-11	-28	-27	-47	-46
Administrative expenses	-36	-29	-74	-65	-145	-136
Product development expenses	-8	-9	-16	-20	-24	-28
Share of net income in joint venture	19	2	36	9	48	21
Other operating income and expenses	1	-19	1	-17	20	2
Operating income	107	28	202	115	363	276
Financial income and expenses	-5	-5	-13	-12	-21	-20
Earnings before tax	102	23	189	103	342	256
Taxes	-17	-6	-32	-26	-57	-51
Net income for the period	85	17	157	77	285	205
Parent Company shareholders	85	17	157	77	285	205
Non-controlling interest	–	–	–	–	–	–
Basic earnings per share, before items affecting comparability, SEK	2.25	0.84	4.15	2.44	7.43	5.73
Basic earnings per share, SEK	2.25	0.44	4.15	2.04	7.53	5.43
Diluted earnings per share, SEK	2.25	0.44	4.14	2.04	7.52	5.42
Basic average number of shares (000)	37,879	37,772	37,874	37,769	37,867	37,815
Diluted average number of shares (000)	37,957	37,772	37,952	37,769	37,930	37,860

Consolidated statement of comprehensive income

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Net income for the period	85	17	157	77	285	205
Other comprehensive income						
<i>Items that will not be reclassified to the income statement</i>						
Net remeasurement gains and losses	-6	–	109	–	67	-42
Tax on net remeasurement gains and losses	2	–	-24	–	-14	10
<i>Items that may be reclassified subsequently to the income statement</i>						
Exchange rate differences related to liabilities to foreign operations	16	82	-24	3	48	75
Tax arising from exchange rate differences related to liabilities to foreign operations	-4	-13	5	-1	-10	-16
Cash-flow hedging	-2	–	1	-2	2	-1
Tax arising from cash-flow hedging	1	–	–	–	–	–
Foreign currency translation differences	-41	-162	71	-37	-83	-191
Total other comprehensive income	-34	-93	138	-37	10	-165
Total comprehensive income	51	-76	295	40	295	40

Consolidated balance sheet

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Goodwill	680	634	649
Other intangible fixed assets	98	137	110
Right of use fixed assets	114	86	120
Tangible fixed assets	86	84	88
Share of net assets in joint venture	111	64	72
Deferred tax assets	93	139	107
Long-term receivables, joint venture	25	25	25
Other long-term receivables	3	4	4
Total fixed assets	1,210	1,173	1,175
Inventories	154	132	120
Current receivables	307	230	247
Cash and cash equivalents	498	631	505
Total current assets	959	993	872
Total assets	2,169	2,166	2,047
Total Shareholders' equity	1,238	1,181	1,067
Pensions and similar obligations	350	465	462
Deferred tax liabilities	13	18	15
Long-term liabilities for right of use fixed assets	107	75	111
Other long-term liabilities	4	5	5
Total long-term liabilities	474	563	593
Short-term liabilities for right of use fixed assets	19	13	18
Other short-term interest-bearing liabilities	–	11	–
Other current liabilities	438	398	369
Total current liabilities	457	422	387
Total equity and liabilities	2,169	2,166	2,047

Financial derivatives

The carrying amount of financial assets and financial liabilities are considered to be reasonable approximations of their fair values. Financial instruments carried at fair value on the balance sheet consist of derivative instruments. As of 30 June the fair

value of derivative instruments that were assets was MSEK 2 (0), and the fair value of derivative instruments that were liabilities was MSEK 0 (1). These measurements belong in level 2 in the fair value hierarchy.

Consolidated changes in shareholders' equity

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Opening balance	1,067	1,136	1,136
Net income for the period	157	77	205
Other comprehensive income	138	-37	-165
Total comprehensive income	295	40	40
Dividend	-133	–	-123
Own share buy-backs	–	–	–
Sale of own shares to satisfy LTI – options exercised	8	3	11
Long-term incentive plan	1	2	3
Closing balance	1,238	1,181	1,067

Consolidated cash flow statement, in summary

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Earnings before tax	102	23	189	103	342	256
Reversal of depreciation and amortisation of fixed assets	21	23	42	43	85	86
Reversal of net income from joint venture	-19	-3	-36	-9	-48	-21
Reversal of other non-cash items	3	26	4	34	-4	26
Taxes paid	-9	-5	-25	-20	-53	-48
Cash flow from operating activities before changes in working capital	98	64	174	151	322	299
Change in working capital	-22	23	-26	17	-5	38
Cash flow from operating activities	76	87	148	168	317	337
Investments in subsidiaries	–	–	–	–	-95	-95
Net investments in property, plant and equipment	-5	-1	-9	-4	-15	-10
New loans paid to joint venture	–	–	–	-40	–	-40
Loans repayment from joint venture	–	–	–	15	–	15
Other repayment of long-term receivables	-1	1	–	3	–	3
Net cash flow from long term receivables	-1	1	–	-22	–	-22
Cash flow from investing activities	-6	–	-9	-26	-110	-127
Dividend	-133	–	-133	–	-256	-123
Selling of own shares to satisfy LTI – options exercised	8	3	8	3	16	11
New loans	–	10	–	10	–	10
Repayment of loans	-7	-6	-12	-9	-34	-31
Pension payments and other cash flows from financing activities	-10	-16	-22	-34	-46	-58
Cash flow from financing activities	-142	-9	-159	-30	-320	-191
Cash flow for the period	-72	78	-20	112	-113	19
Cash and bank assets, opening balance	578	582	505	531	631	531
Exchange-rate difference in cash and bank assets	-8	-29	13	-12	-20	-45
Cash and bank assets, closing balance	498	631	498	631	498	505

Group notes

Data per share

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Basic earnings per share before items affecting comparability, SEK	2.25	0.84	4.15	2.44	7.43	5.73
Basic earnings per share, SEK	2.25	0.44	4.15	2.04	7.53	5.43
Diluted earnings per share, SEK	2.25	0.44	4.14	2.04	7.52	5.42
Equity per share, SEK	32.64	31.24	32.64	31.24	32.64	28.18
Cash-flow from current operations per share, SEK	2.01	2.30	3.92	4.45	8.37	8.90
Basic weighted average no. of shares (000's)	37,879	37,772	37,874	37,769	37,867	37,815
Diluted weighted average no. of shares (000's)	37,957	37,772	37,952	37,769	37,930	37,860
Number of shares at period-end (000's)	37,930	37,792	37,930	37,792	37,930	37,870

Key figures ¹⁾

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Sales growth, %	38	-38	13	-29	n/a	-25
Sales growth, constant currency, % ²⁾	45	-38	20	-30	n/a	-23
EBITDA margin before items affecting comparability, %	27.2	21.0	27.0	22.4	28.7	25.1
EBITDA margin, %	27.2	15.2	27.0	19.9	27.8	24.1
Operating margin before items affecting comparability, %	22.7	14.2	22.3	17.0	22.2	19.4
Operating margin, %	22.7	8.3	22.3	14.5	22.6	18.4
Capital Employed, MSEK	1,169	1,033	1,169	1,033	1,169	1,081
ROCE before items affecting comparability, %	32.5	32.0	32.5	32.0	32.5	26.5
ROCE, %	32.9	30.3	32.9	30.3	32.9	25.2
ROE, %	23.7	18.7	23.7	18.7	23.7	17.5
Working Capital, MSEK	21	-36	21	-36	21	-4
Working capital as a % of annual sales	1.3	-2.2	1.3	-2.2	1.3	-0.3
Net Debt, MSEK ³⁾	-22	-67	-22	-67	-22	86
Gearing ratio, %	-2	-6	-2	-6	-2	8
Net investments in PPE	5	1	9	4	15	10
R&D, %	1.6	2.6	1.7	2.5	1.5	1.8
Number of employees, average	754	555	729	644	681	641

1) For additional information see pages 26–27 and 30.

2) Sales growth excludes the impact of any acquisitions or divestments. For additional information see page 30.

3) For additional information see page 27.

Consolidated income statement in summary – by type of cost

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Net sales	473	342	905	798	1,609	1,502
Direct material costs	-227	-170	-429	-380	-757	-708
Personnel costs	-105	-81	-202	-192	-353	-343
Depreciation and amortisation of fixed assets	-21	-23	-42	-43	-85	-86
Share of net income in joint venture	19	2	36	9	48	21
Other operating income and expenses	-32	-42	-66	-77	-99	-110
Operating income	107	28	202	115	363	276
Financial income and expense	-5	-5	-13	-12	-21	-20
Earnings before tax	102	23	189	103	342	256
Taxes	-17	-6	-32	-26	-57	-51
Net income for the period	85	17	157	77	285	205

Other operating income and expenses (refers to Income Statement on page 13)

	Apr–Jun		Jan–Jun		Jul–Jun	Jan–Dec
	2021	2020	2021	2020	2020/21	2020
Tooling income	2	1	3	2	3	2
Royalty income from joint venture	7	9	13	18	40	45
Amortisation of acquisition related surplus values	-9	-10	-18	-20	-36	-38
UK pension benefit equalisation	–	–	–	–	-3	-3
Restructuring cost	–	-20	–	-20	9	-11
Other	1	1	3	3	7	7
Other operating income and expenses	1	-19	1	-17	20	2

Segment reporting

The Americas segment comprises the Group's operations in the USA and South America. As our operations in India and China remain relatively small in comparison to our Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with our management structure, comprising the Group's operations in Europe (including the proportional consolidation of Alfdex), India and China. The evaluation of an operating

segment's earnings is based upon its operating income or EBIT. Financial assets and liabilities are not allocated to segments.

Proportional consolidation of the joint venture company Alfdex is used in Europe & RoW in the segment reporting, but adjusted to equity accounting in the statements according to IFRS 11.

Second quarter

	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Total net sales	200	174	383	227	-110	-59	473	342
External net sales	196	172	371	220	-94	-50	473	342
Operating income before items affecting comparability	30	20	81	30	-4	-2	107	48
Operating income	30	19	81	11	-4	-2	107	28
Operating margin before items affecting comparability, %	15.2	11.2	21.6	13.8	n/a	n/a	22.7	14.2
Operating margin, %	15.2	10.6	21.6	5.2	n/a	n/a	22.7	8.3
Financial income and expense	–	–	–	–	-5	-5	-5	-5
Earnings before tax	30	19	81	11	-9	-7	102	23
Assets	573	497	1,309	1,189	287	480	2,169	2,166
Liabilities	227	252	722	707	-18	26	931	985
Capital employed	373	305	743	734	53	-6	1,169	1,033
ROCE before items affecting comparability, %	32.2	38.1	35.7	30.8	n/a	n/a	32.5	32.0
ROCE, %	31.9	37.8	36.6	28.4	n/a	n/a	32.9	30.3
Net investments in PPE	–	–	7	2	-2	-1	5	1
Depreciation and amortisation of fixed assets	6	7	16	18	-1	-2	21	23
Number of employees, average	271	220	583	401	-100	-66	754	555

First six months

	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Total net sales	377	366	743	578	-215	-146	905	798
External net sales	370	360	716	556	-181	-118	905	798
Operating income before items affecting comparability	56	41	157	98	-11	-4	202	135
Operating income	56	40	157	79	-11	-4	202	115
Operating margin before items affecting comparability, %	15.1	11.3	21.9	17.7	n/a	n/a	22.3	17.0
Operating margin, %	15.1	11.0	21.9	14.3	n/a	n/a	22.3	14.5
Financial income and expense	–	–	–	–	-13	-12	-13	-12
Earnings before tax	56	40	157	79	-24	-16	189	103
Assets	573	497	1,309	1,189	287	480	2,169	2,166
Liabilities	227	252	722	707	-18	26	931	985
Capital employed	373	305	743	734	53	-6	1,169	1,033
ROCE before items affecting comparability, %	32.2	38.1	35.7	30.8	n/a	n/a	32.5	32.0
ROCE, %	31.9	37.8	36.6	28.4	n/a	n/a	32.9	30.3
Net investments in PPE	1	1	11	18	-3	-15	9	4
Depreciation and amortisation of fixed assets	12	14	33	33	-3	-4	42	43
Number of employees, average	261	244	566	473	-98	-72	729	645

Seasonality

Each end-market will have its own seasonality profile based on the end-users, e.g. sales of agricultural machinery will be linked to harvest periods in the Northern and Southern hemispheres. However, there is no significant seasonality in the demand profile of Concentric's customers and, therefore, the most significant driver is actually the number of working days in the period.

The weighted average number of working days in the second quarter was 63 (55) for the Group, with an average of 62 (58)

working days for the Americas region and 63 (53) working days for the Europe & RoW region.

The weighted average number of working days in the first six months was 126 (116) for the Group, with an average of 124 (119) working days for the Americas region and 126 (113) working days for the Europe & RoW region.

Segment External Sales reporting by geographic location of customer

	Apr–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
USA	156	152	15	7	-12	-6	159	153
Rest of North America	6	4	3	2	–	–	9	6
South America	8	7	1	1	-1	-1	8	7
Germany	2	2	117	57	-23	-9	96	50
UK	9	1	28	17	1	1	38	19
Sweden	–	–	37	25	-12	-8	25	17
Rest of Europe	1	1	100	57	-18	-7	83	51
Asia	14	4	62	53	-28	-20	48	37
Other	–	1	8	1	-1	–	7	2
Total Group	196	172	371	220	-94	-50	473	342

	Jan–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
USA	295	319	29	20	-26	-19	298	320
Rest of North America	9	14	6	4	–	-1	15	17
South America	13	10	1	1	1	–	15	11
Germany	3	4	224	161	-46	-26	181	139
UK	17	2	55	49	–	–	72	51
Sweden	–	–	78	63	-30	-22	48	41
Rest of Europe	3	3	193	155	-31	-18	165	140
Asia	27	8	114	100	-47	-34	94	74
Other	3	–	16	3	-2	2	17	5
Total Group	370	360	716	556	-181	-118	905	798

Total sales by product groups

	Apr–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Concentric branded Engine products	71	55	121	65	–	–	192	120
LICOS branded Engine products	–	–	57	28	–	–	57	28
Alfdex branded Engine products	–	–	94	50	–94	–50	–	–
Total Engine products	71	55	272	143	–94	–50	249	148
Total Hydraulics products	125	117	99	77	–	–	224	194
Total Group	196	172	371	220	–94	–50	473	342

	Jan–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Concentric branded Engine products	126	122	236	180	1	–	363	302
LICOS branded Engine products	–	–	112	78	–	–	112	78
Alfdex branded Engine products	–	–	182	118	–182	–118	–	–
Total Engine products	126	122	530	376	–181	–118	475	380
Total Hydraulics products	244	238	186	180	–	–	430	418
Total Group	370	360	716	556	–181	–118	905	798

Total sales by end-markets

	Apr–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Trucks	17	11	209	134	–88	–50	138	95
Construction	65	53	63	38	–	–	128	91
Industrial	77	84	66	31	–	–	143	115
Agriculture	37	24	33	17	–6	–	64	41
Total Group	196	172	371	220	–94	–50	473	342

	Jan–Jun							
	Americas		Europe & RoW		Elims/Adjs		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Trucks	35	29	400	315	–170	–118	265	226
Construction	122	113	123	102	–	–	245	215
Industrial	142	168	127	96	–	–	269	264
Agriculture	71	50	66	43	–11	–	126	93
Total Group	370	360	716	556	–181	–118	905	798



Business risks, accounting principles and other information

Related-party transactions

The Parent Company is a related party to its subsidiaries and joint venture. Transactions with subsidiaries and joint venture occur on commercial market terms. No transactions have been carried out between Concentric AB and its subsidiary undertakings and any other related parties that had a material impact on either the Company's or the Group's financial position and results.

Events after the balance-sheet date

There were no significant post balance sheet events to report.

Business overview

Descriptions of Concentric's business and its objectives, the excellence programme, its products, the driving forces it faces, market position and the end-markets it serves are all presented in the 2020 Annual Report on pages 6–9 and pages 14–33.

Significant risks and uncertainties

All business operations involve risk – managed risk-taking is a condition of maintaining a sustainable profitable business. Risks may arise due to events in the world and can affect a given industry or market or can be specific to a single company or group.

Concentric works continuously to identify, measure and manage risk, and in some cases Concentric is able to influence the likelihood that a risk-related event will occur. In cases in which such events are beyond Concentric's control, the aim is to minimise the consequences.

The COVID-19 pandemic has had a significant effect on the global economy and the demand for the Group's products and services. With the high uncertainty surrounding the situation and potential initiatives by authorities and customers, it is very difficult to predict the full financial impact that the situation may have on the Group for the coming quarters. As of June 30, there is no significant impact on any balance sheet items.

Otherwise the risks to which Concentric may be exposed are classified into four main categories:

- **Industry and market risks** – external related risks such as the cyclical nature of our end-markets, intense competition, customer relationships and the availability and prices of raw materials;

- **Operational risks** – such as constraints on the capacity and flexibility of our production facilities and human capital, product development and new product introductions, customer complaints, product recalls and product liability;
- **Legal risks** – such as the protection and maintenance of intellectual property rights and potential disputes arising from third parties; and
- **Financial risks** – such as liquidity risk, interest rate fluctuations, currency fluctuations, credit risk, management of pension obligations and the Group's capital structure.

Concentric's Board of Directors and Senior management team have reviewed the development of these significant risks and uncertainties since the publication of the 2020 Annual Report and confirm that there have been no changes other than those comments made above in respect of market developments during 2021. Please refer to the Risk and Risk Management section on pages 65–68 of the 2020 Annual Report for further details.

Basis of preparation and accounting policies

This interim report for the Concentric AB Group is prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts Act. The report for the Parent Company is prepared in accordance with the Annual Accounts Act, Chapter 9 and applicable rules in RFR2 Accounting for legal entities.

The basis of accounting and the accounting policies adopted in preparing this interim report are consistent for all periods presented and comply with those policies stated in the 2020 Annual Report.

Concentric has operations in Argentina. During the third quarter 2018, Argentina was declared a hyperinflationary economy under the criteria in IAS 29. Concentric has assessed the impact of making the adjustments required by IAS 29 and has concluded that the impact on the Group's financial statements is non-material due to the limited extent of the operations in Argentina compared with the Group as a whole. The Group continues to monitor the situation in Argentina.

New standards, amendments and interpretations to existing standards that have been endorsed by the EU and adopted by the Group.

None of the IFRS and IFRIC interpretations endorsed by the EU are considered to have a material impact on the Group.

Financial Statements – Parent Company

Net sales and operating income

Net sales for the second quarter reflected mostly the royalty income received from the joint venture, Alfdex AB, a reduction in the royalty rate led to an operating income of MSEK 15 (20).

Net financial items and earnings before tax

Exchange rate losses on foreign liabilities to subsidiaries was MSEK 23 (gain 3), and the remaining financial items netted to MSEK -1 (-1). Accordingly, earnings before tax was MSEK -19 (9).

Buy-back and holdings of own shares

The total number of holdings of own shares at 1 January 2021 was 123,255 (1,156,667) and shares transferred to an Employee Share Ownership Trust ("ESOT") was 304,812 (300,700). Including these shares the Company's holdings was 428,067 (1,457,367) and the total number of shares in issue was 38,297,600 (39,224,100).

The Company did not repurchase any shares during the second quarter, but have sold 60,375 (25,290) of own shares, to exercise and satisfy LTI-programme. Last year 926,500 of the company's own shares was retired.

No transfer to the ESOT in this year (last year 93,712), but a transfer of 53,085 (89,600) own shares to Concentric was made. The total number of holdings of own shares at 30 June 2020 was 115,965 (200,765). Consequently the company's total holdings of own shares now represent 0.3% (0.5) of the total number of shares. In addition to this, the total number of own shares transferred to the ESOT 251,727 (304,812). Including these shares the company's holdings was 367,692 (505,577) representing 1.0% (1.3) of the total number of shares.

Dividend

On 22 April 2021, the AGM resolved on the proposed dividend for the financial year 2020 of SEK 3.50 per share, totaling MSEK 133.

Parent Company's income statement

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Net sales	8	10	15	20	44	49
Operating costs	-5	-5	-10	-10	-19	-19
Operating income	3	5	5	10	25	30
Income from shares in subsidiaries	-	1	-	1	689	690
Income from shares in joint venture	-	-	-	-	-	-
Net foreign exchange rate differences	17	61	-23	3	49	75
Other financial income and expense	-1	-2	-1	-5	-7	-11
Earnings before tax	19	65	-19	9	756	784
Taxes	-4	-14	4	-2	-16	-22
Net income for the period¹⁾	15	51	-15	7	740	762

1) Total Comprehensive Income for the Parent Company is the same as Net income/loss for the period.

Parent Company's balance sheet

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Shares in subsidiaries	3,149	3,149	3,149
Shares in joint venture	10	10	10
Long-term loans receivable from subsidiaries	1	2	1
Long-term loans receivable from joint venture	25	25	25
Deferred tax assets	4	19	–
Total financial fixed assets	3,189	3,205	3,185
Other current receivables	5	5	3
Short-term receivables from subsidiaries	14	94	6
Short-term receivables from joint venture	–	–	2
Cash and cash equivalents	362	507	390
Total current assets	381	606	401
Total assets	3,570	3,811	3,586
Total shareholders' equity	2,337	1,837	2,477
Pensions and similar obligations	18	18	18
Long-term loans payable to subsidiaries	1,113	861	1,041
Total long-term liabilities	1,131	879	1,059
Short-term loans payable to subsidiaries	93	1,086	43
Other current liabilities	9	9	7
Total current liabilities	102	1,095	50
Total equity and liabilities	3,570	3,811	3,586

Parent Company's changes in shareholders' equity

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Opening balance	2,477	1,827	1,827
Net income for the period	–15	7	762
Dividend	–133	–	–123
Sale of own shares to satisfy LTI options exercised	8	3	11
Buy-back of own shares	–	–	–
Closing balance	2,337	1,837	2,477

Other information

Purpose of report and forward-looking information

Concentric AB (publ) is listed on NASDAQ OMX Stockholm, Mid Cap. The information in this report is of the type that Concentric AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 8.00 CET on 21 July, 2021.

This report contains forward-looking information in the form of statements concerning the outlook for Concentric's operations. This information is based on the current expectations of Concentric's management, as well as estimates and forecasts. The actual future outcome could vary significantly compared with the information provided in this report, which is forward-looking, due to such considerations as changed conditions concerning the economy, market and competition.

Concentric's web site for investors

www.concentricab.com contains information about the Company, the share and insider information as well as archives for reports and press releases.

Reporting calendar for 2021

Interim report January – September 2021	3 November, 2021
Interim report January – December 2021	9 February, 2022

Further information:

David Woolley (President and CEO) or
Marcus Whitehouse (CFO) at
Tel: +44 (0) 121 445 6545 or
E-mail: info@concentricab.com

Corporate Registration Number 556828-4995

The Board of Directors and Chief Executive Officer warrant that the report gives a true and fair overview of the operations, financial position and results of the Group and parent company, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm 21 July, 2021

Anders Nielsen
Chairman of Board

Claes Magnus Åkesson
Member of the Board

Karin Gunnarsson
Member of the Board

Joachim Rosenberg
Member of the Board

Susanna Schneeberger
Member of the Board

Martin Sköld
Member of the Board

Petra Sundström
Member of the Board

David Woolley
President and CEO

Our review report was submitted on 21 July, 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Review report

To the Board of Directors of Concentric AB (publ.)
Corp. id. 556828-4995

Introduction

We have reviewed the condensed interim financial information (interim report) of Concentric AB (publ), as of 30 June, 2021 and the six-month period then ended. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons Review report responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in

scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 21 July, 2021

KPMG AB

Joakim Thilstedt

Authorised Public Accountant

Alternative Performance Measures reconciliation

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Underlying EBIT or operating income						
EBIT or operating income	107	28	202	115	363	276
Items affecting comparability:						
UK pension benefit, equalisation	–	–	–	–	3	3
Acquisition cost	–	–	–	–	1	1
Restructuring costs	–	20	–	20	–9	11
Underlying operating income	107	48	202	135	358	291
Net sales	473	342	905	798	1,609	1,502
Operating margin (%)	22.7	8.3	22.3	14.5	22.6	18.4
Underlying operating margin (%)	22.7	14.2	22.3	17.0	22.2	19.4

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Underlying EBITDA or operating income before amortisation and depreciation						
EBIT or operating income	107	28	202	115	363	276
Operating amortisation/depreciation	12	13	24	23	49	48
Amortisation of purchase price allocation	9	10	18	20	36	38
EBITDA or operating income before amortisation and depreciation	128	51	244	158	448	362
UK pension benefit, equalisation	–	–	–	–	3	3
Acquisition cost	–	–	–	–	1	1
Restructuring costs	–	20	–	20	–9	11
Underlying EBITDA or underlying operating income before amortisation and depreciation	128	71	244	178	443	377
Net sales	473	342	905	798	1,609	1,502
EBITDA margin (%)	27.2	15.2	27.0	19.9	27.8	24.1
Underlying EBITDA margin (%)	27.2	21.0	27.0	22.4	28.7	25.1

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Net income before items affecting comparability						
Net income	85	17	157	77	285	205
Items affecting comparability after tax	–	15	–	15	–4	11
Net income before items affecting comparability	85	32	157	92	281	216
Basic average number of shares (000)	37,879	37,772	37,874	37,769	37,867	37,815
Basic earnings per share	2.25	0.44	4.15	2.04	7.53	5.43
Basic earnings per share before items affecting comparability	2.25	0.84	4.15	2.44	7.43	5.73

Net debt	30 Jun 2021	30 Jun 2020	31 Dec 2020
Pensions and similar obligations	350	465	462
Liabilities for right of use fixed assets	126	88	129
Other long term interest bearing liabilities	—	—	—
Other short term interest bearing liabilities	—	11	—
Total interest bearing liabilities	476	564	591
Cash and cash equivalents	-498	-631	-505
Total net debt	-22	-67	86
Net debt, excluding pension obligations	-372	-532	-376

Capital employed	30 Jun 2021	30 Jun 2020	31 Dec 2020
Total assets	2,169	2,166	2,047
Interest bearing financial assets	-28	-29	-29
Cash and cash equivalents	-498	-631	-505
Tax assets	-107	-165	-138
Non interest bearing assets (excl taxes)	1,536	1,341	1,375
Non interest bearing liabilities (incl taxes)	-455	-420	-387
Tax liabilities	88	112	93
Non interest bearing liabilities (excl taxes)	-367	-308	-294
Total capital employed	1,169	1,033	1,081

Working capital	30 Jun 2021	30 Jun 2020	31 Dec 2020
Accounts receivable	243	173	182
Other current receivables	62	57	63
Inventory	154	132	120
Working capital assets	459	362	365
Accounts payable	-225	-145	-154
Other current payables	-213	-253	-215
Working capital liabilities	-438	-398	-369
Total working capital	21	-36	-4

Graph data summary

	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019	Q2/2019
Americas									
Sales, MSEK	196	174	153	138	172	189	179	203	237
Book-to-bill, %	126	141	102	112	72	111	91	97	89
Operating income before items affecting comparability, MSEK	30	26	36	18	20	21	58	28	38
Operating margin before items affecting comparability, %	15.2	14.9	23.4	13.3	11.2	11.3	32.3	14.1	15.8
Europe & RoW									
Sales (including Alfdex), MSEK	371	345	301	251	220	336	334	320	383
Book-to-bill, %	98	120	117	116	86	85	103	91	88
Operating income before items affecting comparability, MSEK	81	76	64	42	30	68	80	63	84
Operating margin before items affecting comparability, %	21.6	22.1	21.2	16.6	13.8	20.2	24.1	19.7	22.0
Total									
Sales (including Alfdex), MSEK	567	519	454	389	392	525	513	523	620
EBIT before items affecting comparability, MSEK	111	102	100	60	50	89	138	91	122
Alfdex eliminations									
Sales, MSEK	-94	-87	-74	-64	-50	-69	-83	-60	-67
Operating income before items affecting comparability, MSEK	-4	-7	-1	-3	-2	-2	-4	1	-1
Group									
Sales (excluding Alfdex), MSEK	473	432	380	325	342	456	430	463	553
Book-to-bill, %	107	127	112	115	79	94	99	94	88
Operating income before items affecting comparability, MSEK	107	95	99	57	48	87	134	91	121
Operating margin before items affecting comparability, %	22.7	21.9	26.0	17.5	14.2	19.1	31.1	19.8	21.9
Basic earnings per share, SEK	2.25	1.90	2.32	1.06	0.44	1.60	1.87	1.67	2.39
Return on equity, %	23.7	18.0	17.5	16.2	18.7	25.4	29.5	34.4	39.0
Cash flow from operating activities per share, SEK	2.01	1.91	3.09	1.36	2.30	2.15	1.53	2.53	3.32
Working capital as % of annualised sales	1.3	0.5	-0.3	-2.0	-2.2	1.2	0.9	-0.9	-0.9
Net debt, MSEK	22	-90	86	-69	-67	27	54	207	102
Gearing ratio, %	5	-7	8	-6	-6	2	5	20	10
Gearing ratio (excl Pensions), %	-30	-34	-35	-43	-45	-38	-39	-44	-38



Glossary

Americas

Americas operating segment comprising the Group's operations in the USA and South America.

APM

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

EHS

Electro Hydraulic Steering

ESOT

Employee Share Ownership Trust

Europe & RoW

Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China.

JSOP

Long-term incentive program to participants' resident in the United Kingdom to take part in a Joint Share Ownership Plan.

LTI

Long term incentive.

Net investments in fixed assets

Fixed asset additions net of fixed asset disposals and retirements.

OEMs

Original Equipment Manufacturers.

Off-highway

Collective term for industrial applications, agricultural machinery and construction equipment end-markets.

Order backlog

Customer sales orders received which will be fulfilled over the next three months.

R&D expenditure

Research and development expenditure.

Tier 1, Tier 2-supplier

Different levels of sub suppliers, typical within the automotive industry.

Definitions

Book-to-bill

Total sales orders received and booked into the order backlog during a three month period, expressed as a percentage of the total sales invoiced during that same three month period.

Book-to-bill is used as an indicator of the next quarter's net sales in comparison to the sales in the current quarter.

Capital employed

Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities.

Capital employed measures the amount of capital used and serves as input for return on capital employed.

Drop-through/drop-out rate

Year-on-year movement in operating income as a percentage of the year-on-year movement in net sales.

This measure shows operating leverage of the business, based on the marginal contribution from the year-on-year movement in net sales.

EBITDA

Earnings before interest, taxes, depreciation and amortisation.

EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.

EBITDA margin

EBITDA as a percentage of net sales.

EBITDA margin is used for measuring the cash flow from operating activities.

EBIT or Operating income

Earnings before interest and tax.

This measure enables the profitability to be compared across locations where corporate taxes differ and irrespective the financing structure of the Company.

EBIT or Operating margin

Operating income as a percentage of net sales.

Operating profit margin is used for measuring the operational profitability.

EPS

Earnings per share, net income divided by the average number of shares.

The earnings per share measure the amount of net profit that is available for payment to its shareholders per share.

Equity per share

Equity at the end of the period divided by number of shares at the end of the period.

Equity per share measures the net-asset value backing up each share of the Company's equity and determines if a Company is increasing shareholder value over time.

Gearing ratio

Ratio of net debt to shareholders' equity.

The net gearing ratio measures the extent to which the Company is funded by debt. Because cash and overdraft facilities can be used to pay off debt at short notice, this is calculated based on net debt rather than gross debt.

Gross margin

Net sales less cost of goods sold, as a percentage of net sales.

Gross margin measures production profitability.

Net debt

Total interest-bearing liabilities, including pension obligations and liabilities for leases, less liquid funds.

Net debt is used as an indication of the ability to pay off all debts if these were to fall due simultaneously on the day of calculation, using only available cash and cash equivalents.

ROCE

Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over rolling 12 months.

Return on capital employed is used to analyse profitability, based on the amount of capital used. The leverage of the Company is the reason that this metric is used next to return on equity, because it not only includes equity, but taken into account other liabilities as well.

ROE

Return on equity; net income as a percentage of the average shareholders' equity over rolling 12 months.

Return on equity is used to measure profit generation, given the resources attributable to the Parent Company owners.

Sales growth, constant currency

Growth rate based on sales restated at prior year foreign exchange rates

This measurement excludes the impact of changes in exchange rates, enabling a comparison on net sales growth over time.

Structural growth

Sales growth derived from new business contracts, i.e. not from changes in market demand or replacement business contracts

Structural changes measure the contribution of changes in Group structure to net sales growth.

“Underlying” or “before items affecting comparability”

Adjusted for restructuring costs, impairment, pension curtailment gains/losses and other specific items (including the taxation effects thereon, as appropriate)

Enabling a comparison of operational business.

Working capital

Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities Working capital is used to measure the Company's ability, besides cash and cash equivalents, to meet current operational obligations.



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